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To: Chairman Davis

From: LaDonna Pavetti, Vice President, Family Income Support

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Subject: Response to questions from hearing on program integration and duplication

Please find below answers to questions for which I indicated I would provide additional information at the hearing on program integration and duplication.

What should the Ways and Means Committee do in the reauthorization of TANF to encourage greater integration of employment and training programs?

The employment programs operated for TANF recipients are subject to a very different set of requirements than other employment and training programs. Although TANF recipients technically can participate in the same education, employment and training activities as all other low-income individuals, individuals must participate in a narrowly-defined set of program activities for a specified number of hours in order for their participation to count toward a state meeting its TANF Work Participation Rate (WPR). The WPR that state TANF agencies must meet sets TANF agencies apart from all other employment and training programs which are judged on the outcomes of participating in a program (e.g., employment placement and retention). TANF recipients also are subject to a much higher level of verification than other participants. If these same verification standards were applied to all program participants, program monitoring costs would increase substantially. These differences make it very challenging to integrate programs – and discourages program administrators from even considering integrating programs.

Actions that could be taken during TANF Reauthorization that would encourage greater integration of TANF employment services with other employment and training programs include the following:

- (1) **Add a “deeming” option that would allow TANF agencies to count as fully participating (i.e., meeting their work requirement) any TANF recipient who is meeting the participation requirement of another employment or training program.** This would permit TANF recipients to participate in other government-funded (or recognized) training and employment programs on the same terms as any other participating individual. This could encourage greater integration and/or collaboration between TANF agencies and adult education, Workforce Investment Act (WIA), community college and vocational rehabilitation programs. In addition, this would provide TANF agencies with access to a broader range of programs to draw upon to meet the very diverse needs of the

TANF population. In order to be “deemed,” TANF agencies could set minimum acceptable standards for activities that could be deemed. For example, TANF recipients participating in WIA-funded services would have to receive either intensive or training services to be deemed as meeting their work requirement.

- (2) **Provide states the option of replacing the TANF Work Participation Rate (WPR) with the WIA performance standards (adjusted for the characteristics of TANF recipients) as their measure of performance.** One issue that keeps states from fully integrating their TANF and WIA programs is that they are subject to very different performance requirements. If states had the option of using the same performance measures for both programs, more states may consider integrating their programs. States could be required to report on the performance measures separately for TANF recipients, but the measures would be the same as those used to measure performance in WIA – entered employment, job retention, earnings and attainment of credentials for individuals participating in training. In order to be eligible to exercise this option states would need to demonstrate some level of integration between their TANF and WIA programs. This could include any of the following: (1) use of both TANF and WIA funds to provide employment and training services to low-income adults; (2) co-location of program services, or (3) equitable treatment of TANF and non-TANF individuals (i.e., all individuals have access to the same set of program activities and options). States would have the option to continue to operate programs targeted directly to TANF recipients, but they would need to provide the same program options to TANF recipients that they provide to non-TANF WIA participants. For example, TANF recipients would have access to both intensive and training services provided by WIA. Because WIA is a locally-operated system, states could choose to exercise this option statewide, or in a portion of the state. If part of a state opts to operate an integrated TANF/WIA system, the TANF recipients in that part of the state would be removed from the state’s universe of cases subject to the work participation requirement. This could work similar to the way waivers were handled in the early days of welfare reform when TANF recipients participating in a waiver program were excluded from the calculation of the WPR.
- (3) **Reduce the barriers in both TANF and WIA for serving individuals with substantial employment barriers.** Although structured differently, the performance standards (and limited funding) in both TANF and WIA discourage states from serving individuals with the greatest employment barriers, including individuals who may derive the greatest benefit from the services these programs provide. The TANF Work Participation Rate discourages states from providing cash assistance or work services to the hardest-to-employ in their TANF programs because it is harder to engage them in program activities for the required hours. In response, some states created separate programs, both to avoid potential penalties and to have more flexibility to provide services better suited to these individuals’ needs. Because the WIA performance standards are not adjusted for individual characteristics, they encourage states to serve individuals with the greatest chance of achieving positive employment outcomes. There are two ways to address this problem. One option, currently being pursued in WIA, is to adjust the performance standards based on participant characteristics. If implemented properly, this adjustment would reduce the disincentive states now have for serving the most disadvantaged – a state that serves a more disadvantaged group of participants would not be judged exactly the same as a state that serves a more prepared group of individuals. A similar adjustment strategy could be pursued

in TANF (although no efforts are underway to do so). Alternatively, separate outcome standards could be negotiated for individuals with more barriers to employment. These differential performance standards would acknowledge that you cannot expect the same measure of success from individuals with multiple barriers as you can from individuals with fewer barriers. For TANF, you could implement this approach by allowing states to develop alternative performance measures for individuals they identify (through a formal assessment process) as needing to pursue an alternative path to work. These individuals would not be exempt from work requirements but would be subject to a different set of expectations than TANF recipients who do not face the same level of employment barriers.

- (4) **Include TANF in the development of any efforts to standardize program accountability measures across multiple government employment and training programs.** Because TANF serves multiple purposes, it is sometimes left out of discussions to consider standardizing performance measures for programs aimed at improving the employment prospects of disadvantaged individuals. However, it is a significant contributor to work activities and supports. In FY 2009, states spent \$2.2 billion of their federal TANF funds and another \$708 million of their state TANF maintenance-of-effort funds on work activities and supports (not including child care). This total TANF investment is roughly equal to the federal funding provided for adults through WIA.